

Message Text

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FOR EUR/NE

E.O. 11652: N/A
TAGS: SW
SUBJECT: BACKGROUND NOTES ON SWEDEN

REF: STATE 39478

1. UPDATE OF BACKGROUND NOTES ON ECONOMY WAS INCLUDED IN EMBASSY SUBMISSION. DATA ENTRIES WERE MADE ON MIMEOGRAPHED INSTRUCTION FORMAT. WE HOPE STATE WILL NOTE CORRECTION OF TITLES. FOR EXAMPLE, PER CAPITA GROWTH RATE GIVEN IN 1975 WAS ACTUALLY GROWTH OF GDP PER CAPITA IN (BEGIN UNDERLINE) VOLUME TERMS (END UNDERLINE). SUCH MATTERS MAY SEEM TRIVIAL, BUT WE BELIEVE THE NOTES SHOULD BE AS CORRECT AS POSSIBLE.

2. EMBASSY SUBMISSION REFERRED TO IN PARA 3 OF REFTEL WAS INDEED INTENDED FOR MAIN ECONOMIC SECTION, AS MACROECONOMIC VIEW OF SWEDEN. NO FURTHER SUBMISSION WAS MADE BECAUSE INSTRUCTIONS EMPHASIZED NEED FOR BREVITY AND ECONOMY, NEED TO WRITE WHAT READERS WOULD WANT TO KNOW AND DESIRE TO REDUCE STATISTICS. IF STATE INTENDS TO INCORPORATE PART OR ALL OF OLD SECTION ON ECONOMY, FOLLOWING CHANGES WOULD BE NECESSARY:

- A) PARA 3, OMIT SENTENCE ON SHIPBUILDING.
 - B) PARA 4, SUBSTITUTE FOR SECOND SENTENCE: SWEDEN HAD
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INTENDED TO HAVE NUCLEAR GENERATING CAPACITY EQUAL TO HYDROELECTRIC GENERATING CAPACITY BY 1985, BUT THE CURRENT GOVERNMENT HAS SERIOUS RESERVATIONS ABOUT USE OF NUCLEAR POWER AND THE MATTER IS NOW UNDER STUDY.

- C) PARA 5, THE SWEDISH BALANCE OF PAYMENTS ON CURRENT ACCOUNT WAS IN DEFICIT BY \$2.3 BILLION IN 1976 (AT \$1 EQUAL 4.35 KRONOR). THE DEFICIT WILL BE EVEN LARGER

IN 1977. THE OFFICIAL EXCHANGE RATE IS TIED TO THE WEST GERMAN MARK AND OTHER CURRENCIES IN THE EUROPEAN "SNAKE." THE KRONA TO DOLLAR RATE WAS ONE DOLLAR EQUALS 4.21 KRONOR ON FEBRUARY 23. FOR STATE, PLEASE NOTE "BALANCE OF PAYMENTS" IS AN INACCURATE AND INCOMPLETE TERM. THE FIGURE GIVEN IN 1975 NOTES WAS ALSO THE CURRENT ACCOUNT FIGURE, BUT USED THE INCORRECT APPELLATION. THIS SUBJECT COVERED IN MACROECONOMIC PARA WITHOUT DATA. ALSO NOTE CORRECT SPELLING OF KRONOR WHICH IS PLURAL OF KRONA.

D) PARA 7, THIRD SENTENCE: FULL EMPLOYMENT RECEIVES PRIORITY OVER THE OTHER ECONOMIC POLICY GOALS: CONTROL OF INFLATION AND INTERNATIONAL BALANCE. THE AVERAGE UNEMPLOYMENT RATE WAS 1.6 PERCENT IN 1975 AND 1976.

E) PARA 8, THE SWEDISH BUDGET FOR 1977/78 CALLS FOR A FOREIGN ASSISTANCE APPROPRIATION OF ABOUT \$840 MILLION, EQUAL TO ROUGHLY ONE PERCENT OF FORECAST 1977 GDP.

F) FINAL PARA, WORK FORCE DISTRIBUTION IN 1975, AS PERCENT OF TOTAL:

| | |
|--|------|
| PRIVATE SECTOR | 69.2 |
| MANUFACTURING, MINING AND CONSTRUCTION | 36.4 |
| TRADE AND COMMERCE | 14.4 |
| TRANSPORT AND COMMUNICATION | 6.7 |
| AGRICULTURE, FORESTRY AND FISHING | 6.4 |
| BANKING AND INSURANCE | 5.3 |
| PUBLIC SECTOR | 30.8 |

3. EMBASSY SUGGESTS DEPARTMENT OF COMMERCE WILL HAVE LIMITED OFFICIAL USE

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MORE CURRENT DATA ON US INVESTMENT IN SWEDEN THAN IS AVAILABLE HERE. DITTO FOR EXPORT-IMPORT LOANS AND GUARANTEES IN FINAL PARAGRAPH.
SMITH

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